

Message Text

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PAGE 01 HONG K 00699 140730Z
ACTION EA-12

INFO OCT-01 ISO-00 CIAE-00 INR-07 NSAE-00 PM-05 NSC-05
SP-02 SS-15 /047 W
-----014526 140735Z /13

R 130752Z JAN 78
FM AMCONSUL HONG KONG
TO AMEMBASSY CANBERRA
INFO AMEMBASSY MANILA
USNATO 337
SECSTATE WASHDC 8579

C O N F I D E N T I A L HONG KONG 0699

CANBERRA FOR AMBASSADOR ALSTON FROM AMBASSADOR BENNETT

MANILA FOR AMBASSADOR EDMOND

EO 11652: GDS
TAGS: PDEV, EINV, NR
SUBJECT: NAURU PRESIDENT DISCUSSES INVESTMENT PROPOSAL

1. SORRY TO MISS YOU IN HONG KONG. COMMONWEALTH
CELEBRATIONS IN NORTHERN MARIANAS WENT OFF WELL AND
THERE WAS PARTICIPATION FROM THROUGHOUT PACIFIC AREA,
BOTH MAINLAND COUNTRIES AND ISLAND STATES, AND ALSO
EMERGING POLITICAL ENTITIES. AUSTRALIA WAS REPRESENTED
BY MARIS KING, AUSTRALIAN HIGH COMMISSIONER TO NAURU,
WHOM I GATHER YOU WILL BE MEETING SOON WHEN YOU GO
NORTH WEARING YOUR ISLAND HAT.

2. IN CONNECTION WITH YOUR FORTHCOMING VISIT THERE,
YOU MAY BE INTERESTED IN FOLLOWING ACCOUNT OF LENGTHY
CONVERSATION THAT LES EDMONS, US REP TO ASIAN DEVELOPMENT
BANK (MANILA), AND I HAD WITH PRESIDENT OF NAURU,
BERNARD DOWIYOGO, WHILE IN SAIPAN. I KNOW NOTHING
OF DOWIYOGO'S BACKGROUND OR TRAINING, BUT HE IS AN
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ENGAGING YOUNG MAN IN HIS EARLY 30'S WHO APPEARS
ANXIOUS TO WEAN NAURU FROM THE PROFLIGATE AND SELF-
SERVING POLICIES OF HIS PREDECESSOR AND TO INVEST
NAURU'S CURRENTLY AMPLE INCOME IN WAYS TO PROVIDE
AN ORDERLY AND HOPEFUL FUTURE FOR HIS COUNTRY'S
5,000 POPULATION AFTER THEIR PHOSPHATE RESOURCES HAVE
BEEN EXHAUSTED SOME 15 OR 20 YEARS HENCE.

3. DOWIYOGO SAYS HE PLANS TO SCALE DOWN AND ELIMINATE WHERE POSSIBLE, THE PRESTIGE TYPE OF PROJECTS OF WHICH HHHIS PREDECESSOR WAS SO FOND. AS YOU KNOW, MOST OF NAURU'S FUNDS ARE INVESTED IN AUSTRALIA, AND HE INTENDS TO DIVERSIFY. HE SPOKE OF GETTING ADVICE FROM SOME AMERICAN BANK, AND AT ONE POINT HE ASKED IF I THOUGHT HE SHOULD TAKE UP AN INVESTMENT IN LOS ANGELES REAL ESTATE WHICH HE HAD BEEN OFFERED. NOW THIS WAS AKIN TO ASKING SHIRLY TEMPLE TO EXPLAIN ATOMIC ENERGY, AND NATURALLY I PLEADED NON-QUALIFICATION. THIS INGENUOUS NAIVETE ON DOWIYAGO'S PART IS RATHER APPELING, BUT IT COULD COST HIM AND HIS PEOPLE SOME OF THEIR PATRIMONY IF HE SHOULD RUN INTO A DISHONEST STRANGER OR A MISSISSIPPI RIVER BOAT GAMBLER IN THE NEXT BAR HE GOES INTO (HE DRINKS BEER).

4. IN ANSWER TO HIS EARNEST QUESTIONING, BOTH EDMOND AND I APPLAUDED HIS COMMITMENT TO HIS COUNTRY AND URGED HIM TO CONSIDER THE EMPLOYMENT OF AN OUT-STANDING AMERICAN COUSLTING FIRM SUCH AS ROBERT NATHAN ASSOCIATES, ARTHUR D. LITTLE OR STANFORD RESEARCH. WE TOLD HIM SUCH A SERVICE WOULD NOT COME CHEAP BUT COULD PROVIDE HIM WITH THOROUGH, WELL-ROUNDED AND OBJECTIVE STUDIES AND RECOMMENDATIONS AS TO HOW BEST TO PLAN THE FUTURE OF THE REPUBLIC OF NAURU
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AND INVEST TOWARDS IT. HE MAY BE IN FURTHER TOUCH WITH AMBASSADOR EDMOND ON THIS.

5. SINCE YOU WILL NO DOUBT BE HAVING SIMILAR CON-VERSATIONS WITH DOWIYOGO WHEN YOU SEE HIM, I THOUGHT I WOULD SEND YOU THIS ACCOUNT FOR SUCH USE AS YOU CARE TO MAKE OF IT IN YOUR PREPARATIONS FOR YOUR NAURU VISITS. THIS IS NOT A LARGE PROBLEM AS THEY GO NOWADAYS BUT YOU COULD PROBABLY HELP THIS YOUNG MAN WITH SOUND ADVICE.

6. WE HAD A GREAT DAY WITH THE PRESIDENT IN BRUSSELS ON JAN 6, AND HE COVERED ALL THREE DIPLOMATIC COMMUNITIES TIDILY IN HIS SIX AND ONE-HALF HOURS THERE. HE KINDLY GAVE MARGARET AND ME A RIDE HOME TO WASHINGTON ON AIR FORCE ONE, WHICH MADE IT POSSIBLE FOR US TO COMPLETE OUR 53 HOUR TRIP TO SAIPAN BY ARRIVING PRECISELY ONE HOUR BEFORE THE NEW GOVERNOR'S INAUGURAL CEREMONY. BEST TO YOU AND ELKIN.
SHOESMITH

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENT, INVESTMENTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978HONGK00699
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780021-1089
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780166/aaaacdvpv.tel
Line Count: 114
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 9027fce3-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3778700
Secure: OPEN
Status: NATIVE
Subject: NAURU PRESIDENT DISCUSSES INVESTMENT PROPOSAL
TAGS: PDEV, EINV, NR
To: CANBERRA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/9027fce3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014